

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 12 – HB 242

February 22, 2010

SUMMARY OF AMENDMENT (004850): Deletes all language following the enacting clause. Authorizes members of a reserve component of the armed forces, who have expended their 20 working days of full compensation, to use up to 5 days of sick leave in lieu of annual leave to avoid entering leave without pay status.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$38,500

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$22,700

Assumptions applied to amendment:

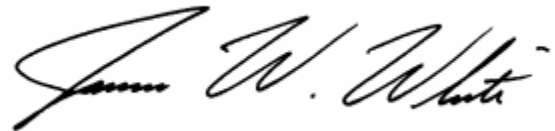
- State employees currently deployed under Operation Enduring Freedom (OEF) receive supplemental payment from the state as their employer while on active duty and therefore would not enter a leave without pay status.
- State employees only enter leave without pay status when all annual leave is expended and time is taken that does not qualify under the sick leave guidelines.
- Current average salary of state employees is estimated at \$38,935. Average hourly rate of pay is estimated at \$21.63 (\$38,935/1,800 hours worked per year).
- One day of leave equals 7.5 hours. Total for five days of leave equals 37.5 hours. The estimated cost of 37.5 hours of annual leave per employee is \$811.12 (37.5 x \$21.63).
- According to the Department of Human Resources, as of April 9, 2009, there are currently over 240 state employees who are members of the Army or Air National Guard that have utilized some or all of their 20 days (150 hours) of military leave for calendar year 2009. Of the 240 employees, 55 are deployed under OEF and used all military leave in January.
- For estimation purposes, data from calendar year 2007 instead of 2008 was used. It is estimated that 2008 numbers would be skewed as a result of the Voluntary Buyout Program (VBP).
- According to the Department of Human Resources, for calendar year 2007, there were 5,590 employees that terminated employment with the state. At time of termination, the average number of hours of annual leave for these employees was 63.5 hours. In that same period, there were 418 state employees who were members of the military. An

average of 113 hours of the 150 hours of military leave was expended by these employees during calendar year 2007.

- All 240 state employees who are currently members of the Army or Air National Guard will terminate their state employment with a 37.5 hour balance of annual leave to be paid to the employee in cash.
- All 240 employees will not leave state government in the same fiscal year.
- An average of 11.6 percent turnover rate was estimated for calendar years 2007 (12.16 percent) and 2008 (11.07 percent not including VBP). There will be 28 employees ($240 \times 11.6\% = 27.84$) leave the state each year for a total estimated increase in state expenditures of \$22,711.50 ($28 \times 37.5 \text{ hours of annual leave} \times \21.63).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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